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MINISTRY OF LABOUR AND EMPLOYMENT

RESOLUTION

New Delhi, the 29th February, 1960

No. WB-6(57).—By their Resolution No. WB-6(5), dated the 2nd April, 1958, the Government of India appointed a Central Wage Board for the cement industry with the following composition and terms of reference:—

I. COMPOSITION:

Chairman

Shri M. R. Meher, I.C.S. (Retd.)

Independent members

- (1) Sardar Jogendra Singh, M.P.
- (2) Dr. D. T. Lakdawala.

Members representing employers

- (1) Shri P. K. Mistry,
- (2) Shri V. H. Dalmia.

Members representing workers

- (1) Shri Somnath P. Dave, M.P.
- (2) Shri I. M. Moinudcen.

Consequent on the death of Shri Somnath P. Dave, Shri H. N. Mivedi was appointed to represent the workers on the Wage Board from the 4th February, 1959.

II. TERMS OF REFERENCE:

- (a) to determine the categories of employers (manual, clerical, supervisory, etc.) who should be brought within the scope of the proposed wage fixation;
- (b) to work out a wage structure based on the principles of fair wages as set forth in the Report of the Committee on Fair Wages;

Explanation

In evolving a wage structure, the Board should in addition to the considerations relating to fair wages, also take into account —

- (i) the needs of the industry in a developing economy,
- (ii) the requirements of social justice, and
- (iii) the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skill,
- (c) bear in mind the desirability of extending the system of payment by results,

Explanation

In applying the system of payment by results the Board shall keep in view the need for fixing a minimum (fall back wage) and also to safeguard against over work and undue speed, and

- (d) to work out the principles that should govern the grant of bonus to workers in the cement industry

2 The Board's report was received by Government on the 7th October, 1959. A summary of the main recommendations is appended

3 After careful consideration of the Board's Report and the Minutes of dissent appended by the employers and the workers, Government has decided to accept the recommendations of the Board subject to the following. Government consider that a study of workloads in the industry would be desirable and that while the implementation of the recommendations of the Wage Board, as referred to in the Report, need not be delayed on this account, Government feel that such a study should be undertaken as early as possible, and the recommendation regarding wage increase in the second phase wherever applicable, may be implemented after this study is completed

4 Subject to the above, the Government requests employers, workers and State Governments to take immediate steps to implement the recommendations of the Wage Board in letter as well as in spirit. Government expects that the parties concerned will show a spirit of accommodation in interpreting the recommendations and difficulties, if any, will be solved by direct discussions between them

5. Government note the view of the Wage Board that, *prima facie*, the industry does not have the capacity to pay the wages recommended on the existing retention prices. Government propose to determine the extent of the increases in the ex works price payable to the producers consequent on the implementation of the recommendations of the Wage Board, and to grant such increases, with effect from the date when such recommendations are implemented. Any such increase in the ex works price is proposed to be accommodated within the existing F.O.R. destination price and without any increase in the price to the consumer

6 The Government of India wish to express their appreciation of the Board's work in dealing with the matters referred to them thoroughly and expeditiously

ORDER

Ordered that the Resolution be published in the Gazette of India

Ordered also that a copy of the Resolution be communicated to —

- (i) All State Governments and Union Territories
- (ii) All Ministries of the Government of India, Planning Commission and the Cabinet Secretariat
- (iii) All India Organisations of employers and workers

APPENDIX

Summary of main recommendations of the Central Wage Board for Cement Industry

Extent and scope of recommendations

1 The recommendations apply to workers employed at (i) the cement factories and (ii) the lime stone quarries (except gypsum quarries) owned by the cement producers, and (iii) places where calcareous sand or shells are collected and clay is excavated, and (iv) to workers employed by Cement Companies in the transport of lime stone, sand, shells and clay from

the quarries to the factory. The recommendations also apply to the workmen in the lime stone quarries of the Paishva Properties Ltd. and of the Agricultural Farms Ltd. who supply the bulk of their output to the cement factories at Dalmianagar and Talaiyuthu respectively, and to the employees of the United Shippers Ltd., whether engaged in their own barges or barges lent to them by Shree Digvijay Cement Company Ltd. at Sikka.

2 The recommendations should not apply to employees engaged in other industries at the same place or elsewhere owned by the cement companies e.g. the vanaspati, paper and other factories of Rohtas Industries Ltd. at Dalmianagar, the refractories and pottery works of Dalmia Cement (Bharat) Ltd., and the refractory works of Orissa Cement Ltd. The convict labour employed in the quarries which supply lime stone to the U.P. Government Cement Factory at Churk is excluded from the scope of recommendations. Similarly, the recommendations do not apply to the staff employed at the Head Offices and Branches and to apprentices and learners.

Contract Labour

3 The contract labour employed on construction work or on purely temporary jobs not connected with manufacturing processes (which have been excluded by the Tripartite Industrial Committee on Cement at Hyderabad in 1954) are excluded from the purview of the Board's recommendations. Other contract labour has been covered by the recommendations and it is proposed that they should get the same wages, dearness allowance, leave, medical facilities, hours of work, overtime and bonus as departmental labour. The employers have been enjoined to carry more direct responsibility to ensure that the contractors make payment to their labour on the employer's premises and in the presence of a representative deputed by the employer to check and supervise such payments. The Board has, however, suggested that the recommendation of the Tripartite Industrial Committee on Cement at Hyderabad, referred to above, about abolition of contract labour in all operations connected with the manufacturing process (including quarry operations), except loading and unloading operations, should be given effect to within six months of the coming into force of the recommendations of the Wage Board in those Cement Companies where it has not already been done but contract labour may be permitted to be employed in loading and unloading operations.

Total Minimum Wage

4. The Board has recommended total minimum wage of Rs. 94 for an unskilled worker whose family is deemed to consist of three consumption units. This is estimated on the need based formula adopted at the 15th Tripartite Labour Conference. The Board has taken into consideration the "improved diet" recommended by Dr Aykroyd, after collecting family budgets of employees at the various cement centres during the period of the inquiry. The cash wage is arrived at Rs 91 after deducting Rs. 3 as value of the amenities provided by the employers. The split up of the total minimum wage is as follows:

	Rs.
Basic minimum wage	52.00
Dearness Allowance	31.50
House Rent Allowance	07.50
	<hr/>
	91.00

However, for centres in Gujarat and Saurashtra where the cost of living is estimated to be higher than at other centres, the total minimum wage is fixed at Rs 101 and the cash wage at Rs 98 after deducting Rs 3 for amenities. The split-up of Rs 98 is as follows:-

Basic Minimum wage	52.00
Dearness Allowance	38.50
House Rent Allowance	07.50
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	98.00

The Board has fixed the wage scales and dearness allowance for unskilled, semi-skilled, skilled and highly skilled employees as per the table given below:—

	Basic Wage			Dearness Allowance		House Rent Allowance
	Minimum	Annual increment	Maximum	For workers covered by paragraph 13-2-1 of the report (Centres other than those in Gujerat and Saurashtra.)	For workers covered by paragraph 13-2-2 of the report (Centres in Gujerat and Saurashtra.)	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a) Where operatives are monthly rated				Per month		
E (Unskilled) . . .	52.00	1.30	62.40	31.50	38.50	7.50
D (Semi-skilled) . . .	57.20	2.08	73.84	31.50 +5% of basic wage	38.50 +5% of basic wage.	7.50
C (Skilled, lower) . . .	62.40	3.90	93.60	31.50 +10% of basic wage	38.50 +10% of basic wage	7.50 (min.)
B (Skilled, upper) . . .	83.20	5.20	124.80	Do.	Do.	7.50 (min.)
A (Skilled, highly) . . .	110.50	6.50	169.00	Do.	Do.	7.50 (min.)
(b) Where operatives are daily rated, the equivalent daily wages rates will be				Per day		
E (Unskilled) . . .	2.00	0.05	2.40	1.21	1.48	0.29
D (Semi-skilled) . . .	2.20	0.08	2.84	1.21 +5% of basic wage	1.48 +5% of basic wage	0.29
C (Skilled, lower) . . .	2.40	0.15	3.60	1.21 +10% of basic wage	1.48 +10% of basic wage	0.29 (Minimum)
B (Skilled, upper) . . .	3.20	0.20	4.80	Do.	Do.	Do.
A (Skilled, highly) . . .	4.25	0.25	6.50	Do.	Do.	Do.

The grades recommended for operatives should also apply to peons, watchmen, motor drivers, bungalow servants, bearers, cooks, malis, sweepers, ayahs, dressers, club boys, ward boys, laboratory boys, etc. Similarly the grades of pay fixed for clerical and lower technical and supervisory staff are as under—

- I. Rs. 70—5—110/E.B./5—150 (Lowest clerical grade)
- II. Rs. 80—6—140/E.B./7—196
- III. Rs. 90—8—170/E.B./10—250.
- IV. Rs. 100—10—180—12—204/E.B./12—300
- V. Rs. 110—12—170—14—240/E.B./15—360
- VI. Rs. 120—13—185—15—260/E.B./15—320—20—400
- VII. Rs. 150—15—300/E.B./20—460

Non-matriculates who are engaged in Grade I (the lowest clerical grade) may be started at Rs. 5 lower than the minimum of the grade, i.e. Rs. 65 per month. Tally checkers (described as tally clerks) should be put in the grade of Rs. 60—4—80/E.B.—4—100. The grades for the clerical and lower technical and supervisory staff should also apply to nurses, compounders, health visitors, sanitary inspectors, school teachers, etc. who should be appropriately fitted into those grades.

Dearness Allowance

5 The dearness allowance of Rs. 81.50 and Rs. 98.50 as stated above is linked to the figure 123 for July 1959 of the All India Consumer Price General Index (base = 1959) and it is provided that the dearness allowance in the case of former (i.e. the employees of the factories situated in regions other than the Gujarat or Saurashtra) will rise or fall at the rate of Rs. 1.47 for every two points in the index, and in the case of the latter (i.e. for factories in Gujarat and Saurashtra) at Rs. 1.59 for every two points.

6 The wages and dearness allowance are to come into force with effect from 1st January 1960, but in order to stabilise wages for an initial period of six months it is recommended that the dearness allowance should not vary with the rise or fall in the All India Consumer Price General Index number. Thereafter the dearness allowance would vary according to the rise or fall in the index number as stated above. The clerical and lower technical and supervisory staff should be paid dearness allowance at 10 per cent of their basic salary plus Rs. 40 per month in the factories and quarries situated in regions other than Gujarat and Saurashtra; and in the region of Gujarat and Saurashtra the dearness allowance for these categories has been fixed at 10% of the basic salary plus Rs. 47 per month.

House Rent Allowance

7 A minimum house rent allowance of Rs. 7.50 per month should be paid to every employee. This will be deductible in its entirety in the case of employees who are allotted by the employers pucca quarters provided with electric lighting. The deductions in respect of quarters below this standard should be as follows—

	Rs.
Pucca quarters without electricity	6.00
Quarters with pucca walls but kutcha roofs, with electricity	5.50
Quarters with pucca walls but kutcha roofs, without electricity	4.00
Kutcha quarters with electricity	4.00
Kutcha quarters without electricity	2.00

For this purpose, Pucca and kutcha quarters are defined below

Pucca Quarters

- (a) Walls Masonry
- (b) Roof Reinforced concrete or tiled or asbestos G.I. sheets.

Kutcha quarters

- (a) Walls Mud or bricks in mud.
- (b) Roof Mats, thatched, canvas, etc.

8. These rates of deduction should apply to unskilled and semi-skilled operatives who are housed. Where skilled operatives or clerical and lower technical and supervisory staff are entitled to better type of quarters than unskilled and semi-skilled operatives, employers may pay such skilled operatives or staff higher scales of house rent allowance than the minimum of Rs. 7.50 per month. If employers pay higher house rent allowance to these employees and if they are provided with better type of quarters, such higher house rent allowance paid will be deductible in its entirety.

Piece Rates

9. The existing piece rates should be so adjusted as to enable the piece rate operatives to earn not less than the wage recommended for unskilled operatives on the basis of the existing work loads and other existing conditions. If an employer considers the present work-loads on the basis of which existing wages are fixed as inadequate, he may alter them with by agreement with the Union. If there is no agreement, the machinery provided under the Industrial Disputes Act would be available to the employer. Where piece-rates are introduced for a new job, e.g. to replace the contract system which will be abolished in quarry working (where it still exists), such piece-rates should be fixed by agreement between the parties. Where no agreement is reached the employer may fix the piece-rates. If the Union is dissatisfied, the matter may be settled by arbitration provided that the two parties agree on the joint nomination of an arbitrator. Failing this, the machinery provided by the Industrial Disputes Act would be available.

10. As regards the question of fall-back wage, the Board has recommended that whenever as a result of reduced output due to causes beyond the control of the workers, the basic earnings of piece-rated operatives fall below Rs. 52 per month if the work-load is fixed on monthly basis or Rs. 2 per day if the work-load is fixed on daily basis, their basic earnings in respect of the period of question, should be brought upto Rs. 52 or Rs. 2 per day, as the case may be, and they may be paid the dearness allowance and house rent allowance as provided for unskilled workers. However, where output and earnings are affected due to causes within the control of workers (such as strike or go-slow in any part of the establishment) operatives should be paid for the actual output given. Where no work is provided and operatives are laid off compensation will be paid in accordance with the Industrial Disputes Act.

Women Workers

11. The Board has recommended that women workers should be paid the same wage as men wherever they are employed on the same type of work. In the few occupations where women are exclusively employed, no distinction in the wage appears necessary in view of the small number involved.

Adjustments

12. As regards fitting the existing operatives and clerks into their appropriate grades, the Report contains directions in detail. The classification of the operatives should be done on the basis of the skill, suitability and experience. This is to be done by the employer, after consulting the Unions, within three months of the recommendations coming into effect. If the Union is dissatisfied, the matter may be settled by arbitration provided that the two parties agree on the joint nomination of an arbitrator. Failing this, the machinery provided by the Industrial Disputes Act would be available. Care has been taken to see that most of the employees will get some increase in their existing salaries by way of adjustment and none will suffer adversely. As regards the unskilled operatives, those who have put in 12 months' service when the recommendations come into effect, should be given an increase of Rs. 5 per month. Operatives in the skilled and semi-skilled grades i.e. A, B, C, D, grades will get also an increase of Rs. 7, 5.50, Rs. 4 or Rs. 2.50 respectively. Similarly an increase of Rs. 8 has been recommended to all clerical, lower technical and supervisory staff drawing a basic salary upto Rs. 250 who have put in atleast 12 months' service when the recommendations come into effect. The allocation of employees in the clerical and lower supervisory and technical grades is to be done by the employer after consulting the Union concerned, within two months of the recommendations coming into effect, and with retrospective effect from that date. However, employees have been given the option to remain in their existing grades or to accept the grade and pay step indicated by the employer. The option is to be exercised within 10 days of the employer indicating the appropriate grade and pay step. Once the option is exercised, it should be irrevocable.

Phasing

13. Where the lowest total minimum wage recommended by the Board will result in a very big increase over the present wage, the increased wage should not be given in "one jump" but should be so fixed that the full incidence comes into effect one year after the initial increase is given. Accordingly, at all such factories where there will be an increase of Rs. 25

or more over the existing wage for the unskilled worker (comprising basic wage, dearness allowance, house rent allowance, if any, money value of grain concessions, if any, and any other cash allowances or cash payments given to the generality of unskilled operatives at any particular factory) the increase should be phased for all the employees for a period of 12 months in the following manner:

- (a) In the case of unskilled and semi-skilled workers, dearness allowance should be Rs. 10 less than Rs. 31.50 or Rs. 38.50 as the case may be and the reduced dearness allowance will be variable with the All India Consumer Price General Index number, six months after coming into effect the recommendations and the dearness allowance will be restored to the full after one year.
- (b) So far as the skilled operatives and clerical and lower technical and supervisory staff are concerned, the dearness allowance should be phased by 50 per cent for a period of one year and the remaining half would be restored after one year.
- (c) The phasing should not, however, prevent the payment of the amount of annual increment due after one year.

New Factories

14. New cement factories whether owned by the existing cement factories or otherwise (and the quarries, etc) should be exempted for a period of 18 months from the month the factory goes into production from paying in full the wages and salaries recommended by the Board for the various categories of employees. During this period of 18 months the new units should pay the basic wages/salaries, dearness allowance, house rent allowance, at 75 per cent in respect of each component. The variation in dearness allowance with rise or fall of the All India Consumer Price General Index number should also be at 75 per cent, of the variation in dearness allowance recommended above for employees of old factories. Any factories already paying more than 75 per cent. of the wages recommended should, however, continue to pay the higher wages/salaries, dearness allowance, etc.

Bonus

15. The Board has observed that at present the Full Bench formula of the Labour Appellate Tribunal holds the field. It has been approved by the Supreme Court and some points regarding it cleared up. Various suggestions for modification of the formula were made to the Board, but the modifications suggested by the employers were not acceptable to the Unions and vice versa. Therefore, the Board is of the view that no useful purpose will be served in making any recommendations.

Gratuity

16. As the increase recommended in the basic wages would multiply the burden in respect of gratuity schemes, the Board has recommended that where gratuity is payable in terms of basic wages, gratuity schemes for operatives in the A, B, C, D and E grades should be modified. The service period of the employee should, for the purpose of gratuity be broken into two periods, the first period commencing from the date of appointment till the date immediately prior to the date from which the recommendations come into operation. In respect of first period gratuity should be calculated in terms of the average basic wage earned in the last month or year of the first period, as required under the gratuity rules. In respect of the second period, gratuity should be calculated in terms of the average basic wage earned in the last month or year of service. Where gratuity is payable in terms of consolidated wages, the gratuity scheme should be suitably revised so as to lessen the burden.

Incidence of Cost

17. The Industry has made out a *prima facie* case that it has not the capacity to pay the wages recommended by the Board, on the existing retention prices of cement. It is, therefore, necessary for Government to examine this question and revise the retention prices paid to the producers if it is satisfied that the industry has not the capacity or has not sufficient capacity to meet the incidence of the increase in wages recommended by the Board. The Board has suggested three possible ways of meeting the incidence of increased wages, (a) by increasing the price to the consumer (b) by reducing the State Trading Corporation's profit, (c) by reducing the excise duty. There appears to be justification for tapping resources (b) and (c) above. However, in the last analysis, it is for the Government to decide as a matter of policy and overall considerations of the country, from which source the funds should be found.

P. M. MENON, Secy.

